Connecticut Health Policy Project

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March 31, 2009

TESTIMONY
APPROPRIATIONS AND HUMAN SERVICES COMMITTEES
Re: HUSKY waiver proposal and impact on PCCM
Ellen Andrews, PhD
Executive Director

Thank you for the opportunity to voice our strong opposition to DSS' proposed waiver for HUSKY.

Two years ago, realizing that the state needed an alternative to the increasingly troubled HUSKY HMOs, the state passed a requirement that DSS implement a Primary Care Case Management (PCCM) program option for HUSKY families. The law required DSS to submit a plan for PCCM to your Committees for approval, which they received on 9/24/08. The plan submitted by DSS was the collaborative result of hard work and negotiation by a working group of advocates, providers and DSS staff. During the summer of 2008, advocates crossed the state actively recruiting providers for the program. A statewide invitation to participate was issued by DSS which received an "enthusiastic provider response across the state." However, subsequently, DSS has violated many parts of that plan, most notably restricting PCCM to two small communities – Waterbury and Willimantic – retarding its growth and ensuring it is not sustainable for providers.

DSS has now drafted this waiver application to CMS to continue to operate the HUSKY program under managed care beyond July 1st. This waiver proposal codifies DSS' unilateral decision to limit PCCM to only Waterbury and Willimantic. It includes no reference to a commitment or a timeline to expand PCCM statewide, only a vague and strictly qualified reference to the possibility. **We call on members of the Human Services and Appropriations Committees to reject the HUSKY waiver application, insisting that PCCM be implemented state wide.**

PCCM is a way of running HUSKY without HMOs. In PCCM, consumers choose a primary care provider (PCP), such as a clinic or doctor, who is responsible for providing most of their regular, primary health care and for managing all their care. Patients who need specialty care are not left on their own to find a willing provider, but the PCP makes the appointment and follows up to ensure that the problem is solved. PCPs bill the state directly at fee-for-service rates for the treatments they provide and receive an additional $7.50 per member per month for care coordination services. Thirty other states successfully use PCCM to run their Medicaid managed care programs, enjoying reduced

costs, improved patient outcomes, better consumer satisfaction and higher provider participation rates.

The CT Health Policy Project estimates that PCCM could save the state $113 million annually. DSS acknowledges that PCCM will cost the state no more than HMOs have.

HUSKY desperately needs PCCM.

- Consumers struggling to access care within HMOs need another option
- PCCM will attract more desperately needed providers to HUSKY as they won't have HMO hassles
- Last year DSS granted the HUSKY HMOs a 24% rate increase, PCCM provides the state competition for price
- PCCM provides the state with an option if the HMOs threaten to leave HUSKY again
- PCCM builds on the very successful patient-centered medical home model being tested and adopted by several payers including Medicare and NCQA
- PCCM is built on prevention – keeping people well and out of the emergency room
- PCCM supports precious primary care capacity in CT; like most states CT is facing a serious shortage of primary care providers in the future
- PCCM provides an accountable, transparent system to administer care for the largest purchasing pool in CT; the HMOs have resisted accountability and transparency and DSS has been unwilling to enforce those provisions.

I strongly urge you to reject DSS' waiver application. The state should keep its word to providers, consumers, advocates and the General Assembly and implement PCCM statewide.

Thank you for your time and your commitment to fairness and the health of every Connecticut resident.

PCCM policy planning			
Legislation 42 Conn. Gen. Stat. § 17b-307	**Committee approved DSS plan 9/24/08 w/o revision**	**PCCM workgroup – advocates, providers and DSS staff**	**DSS actions**
Requires at least 1000 enrollees			160, severely limited eligibility
	Statewide – all willing primary care providers		Limited to Waterbury & Willimantic
		Take applications on rolling basis	Limited applications to narrow time limit
	Statewide – enroll any HUSKY Part A consumers in area of participating PCPs on voluntary basis		Limited to only a sample of current patients of participating providers
	Develop PCCM specific informational materials, make available to providers and patients	Developed marketing materials, approved by DSS staff, including legal	Marketing materials never approved
	Consumer focus groups, surveys, etc.	Developed marketing plan to match HMO marketing	No marketing activities
	Recruit PCPs statewide	Aggressive recruitment of PCPs statewide	Over 350 PCPs applied, only 25 allowed to participate based on geography
		Developed many options to name the program, secured pro bono legal resources to check copyrights	DSS rejected all names offered
		Designated pediatricians and adult primary care providers to be included in pilot	Implemented availability of OB-GYNs as further limiting factor
		PCPs not subject to FOI	Included FOI in PCP contracts
		Practices able to bring new patients into PCCM	Only current HUSKY patients
		Smaller practices could share care managers	Each practice must hire full time care manager
Implementation date of 4/1/08	1/1/09	1/1/09	Implemented 2/1/09

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POLICYMAKER ISSUE BRIEF

No. 46 October 2008

What's HUSKY going to cost into the future

Estimating PCCM and HMO costs

The last year has been disruptive for HUSKY – consumers, providers and the state

Aside from significant disruptions in care and deep concern over the small number of participating providers, concerns have also been raised about the impact on the state budget. Given a significant deficit is expected this year, policymakers are searching for ways to save money on programs. Primary Care Case Management (PCCM) for HUSKY offers that opportunity, especially as an alternative to more costly managed care organizations.

Last November, the Governor ended the contracts with the four HUSKY HMOs moving to a short term non-risk arrangement that still covers most families in the program. Providers are paid on a fee-for-service basis for the care they deliver and the HMOs are paid $18.18 per member per month for their largely reduced duties. However, DSS plans to require all HUSKY members to move back into capitated HMOs very soon. Also during this time, provider rates were increased in January, authorization for all prescription drugs in the program was "carved out" or taken away from the HMOs in February, and all HUSKY dental care was also "carved out" or taken away from the HMOs in September and is coordinated by another company.

PCCM as an alternative to HMOs for HUSKY

Two years ago, seeking an alternative to the unstable HMO system, the General Assembly directed DSS to implement a PCCM pilot. That pilot is scheduled to begin serving HUSKY families on January 1st. PCCM is a way of running Medicaid without HMOs at all. Thirty other states successfully use PCCM to run their programs - both providers and patients are generally more satisfied with PCCM programs than with HMOs, it is easier to get health care services and people are healthier. In PCCM, consumers choose a Primary Care Provider (PCP), a doctor, nurse practitioner, or physician assistant, who agrees to provide all their regular health care and coordinate any other care they need including arranging for tests, collecting results and making specialty appointments. In PCCM, PCPs are paid for the health care services they provide to patients as well as $7.50 per member per month to compensate for care coordination.

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We have estimated the future costs of the HUSKY program under the new HMO contracts compared to PCCM. The basis for the calculations are total HUSKY program costs in November 2007 (before the HMOs were terminated) adjusted for the 24% HUSKY HMO rate increase negotiated by DSS compared to costs in May 2008 (during the current non-risk, fee-for-service arrangement) . We adjust for the change in enrollment between those months, the $18.18 per member per month fee paid to the HMOs in May and the $7.50 per member per month fee under PCCM. The impact of the pharmacy carve out and the increase in provider rates could not be determined. Plans for those changes pre-dated and were independent of the decision to move to the fee-for-service platform - those program changes (and their associated costs) would have occurred in either system.

	November 2007	May 2008	2008/2009 MCOs	2008/2009 PCCM
Program costs	$61,462,143	$73,337,822		
Enrollment	325,530	337,181	346,605	346,605
Per member per month program costs	$188.81	$217.50		
Adjust for administrative fees & HMO increase	$188.81	$199.32	$234.12	$206.82
Total program costs at current enrollment	$65,441,238	$69,086,290	$81,147,135	$71,685,827
Annual cost of switching from current system to HMOs			$144,730,138	
Annual savings of PCCM over HMOs				$113,535,688

Bottom Line:

Switching now from the current fee-for-service program to HMOs is likely to cost HUSKY over $100 million/year. Switching instead to PCCM could save the state $114 million annually over the HMOs.

Sources:
DSS reports to th Medicaid Managed Care Council, 9/19/08 and 10/10/08, ACS HUSKY A + B enrollment reports

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POLICYMAKER ISSUE BRIEFS

No. 29 September 2006

Primary Care Case Management:
A Better Option for Connecticut Medicaid

What is Primary Care Case Management (PCCM)?
PCCM is a way of running Medicaid, like Connecticut's HUSKY program, without HMOs. In PCCM, consumers are linked to a primary care provider, such as a clinic or doctor, who is responsible for managing their care. Providers bill the state directly for the health care services they provide and receive an additional modest fee for care management.

Are any other states using PCCM?
Yes, 30 other states use PCCM. More than one in four Medicaid consumers in other states are enrolled in PCCM programs. Other states have enjoyed great success with their PCCM programs.

- PCCM improves patient outcomes; immunization rates in Virginia are higher for children in PCCM programs than those in HMOs.
- Given a choice, consumers overwhelmingly choose PCCM plans over HMOs. Consumers in PCCM programs report greater satisfaction with the program than those in HMOs.
- Providers are more willing to participate in PCCM-based Medicaid programs than in HMOs.
- PCCM programs save states as much money as full-risk plans. In Iowa PCCM was associated with substantial savings over an 8 year period; this effect became stronger over time.

Everyone wins.

Connecticut' s Medicaid program is in trouble
Consumers struggle every day to get care for illness or injury. More than one in three HUSKY children don't get check ups each year; those rates are worse than our surrounding states. Less than half of HUSKY children get any dental care in a year. Only 5.7% of Connecticut physicians participate in Medicaid; far lower rates than our surrounding states. Despite this, last year the HUSKY HMOs were given twice the rate increase that was authorized by the

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legislature. Furthermore, the HMOs refuse to be accountable to taxpayers, fighting Freedom of Information requests to explain how they spent $722,945,942.95 in tax dollars last year.

Connecticut should consider PCCM because

- Consumers struggling to access care in the program need another option
- Without HMO hassles, new providers might be willing to participate in Medicaid under PCCM
- PCCM allows the state direct access to data on what services consumers are getting and how our money is being spent
- Loss of even one of the current HMOs would leave the state in an emergency without sufficient capacity to cover the 304,075 current consumers
- A PCCM option strengthens the state's hand in negotiations with the current Medicaid HMOs, saving state dollars and holding them accountable

Bottom Line:

Connecticut needs another option. Support a Medicaid PCCM pilot program.

Sources: S. Abedin, Primary Care Case Management and Medicaid: 2006 Update, CT Health Policy Project, September 2006, http://www.cthealthpolicy.org/pccm/pccm_medicaid.pdf, CT Medicaid Managed Care Council, DSS, CMS, DPH, CT Voices for Children.